

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

BULLETIN 91-3

91-4

Issued this 8th day of
August, 1991

GUARANTY ASSOCIATION NOTICES

TO: ALL INSURANCE COMPANIES LICENSED TO DO BUSINESS IN
MINNESOTA

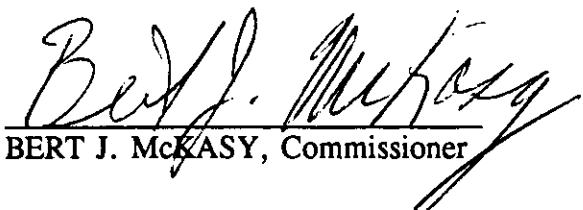
Chapter 325 of the laws of 1991 requires that, effective July 1, 1991, notices be given to all applicants for insurance in Minnesota regarding their rights in the case of an insolvency and under the Guaranty Association laws. The notice is required to be attached to and maintained as part of the application and is considered part of the policy or contract. Each carrier is required to file their proposed notice in the same manner as any required filings. Attached to this bulletin are two notice forms, one for the Minnesota Insurance Guaranty Association and one for the Life and Health Insurance Guaranty Association which the Department considers acceptable. If you choose to use the attached language, please include the following statement with your filing:

"I hereby certify the attached filing is identical to the forms set forth in Bulletin 91-3 (or except for the substitution of our company name, is identical to)"

Please note that you may substitute the name of your company for the generic reference to insurer in the notice and still use this method of filing.

Chapter 325 contains language which appears to make the compliance date for life and health insurance companies, January 1, 1992 while other provisions indicate a July 1, 1991 date. To assure that companies are in complete compliance with the notice requirements the Department recommends that companies use the July 1, date as the effective date for this requirement.

Questions regarding this Bulletin should be directed to Richard Gomsrud, Department Counsel, at (612) 296-5689.


BERT J. MCKASY, Commissioner

**NOTICE CONCERNING POLICYHOLDER RIGHTS IN AN
INSOLVENCY UNDER THE MINNESOTA INSURANCE
GUARANTY ASSOCIATION LAW**

If the insurer who issued your property and casualty or liability insurance policy (includes homeowners and automobile insurance) becomes impaired or insolvent you are entitled to compensation for your policy from the assets of the insurer. The amount you recover will depend on the financial condition of the insurer.

In addition, residents of Minnesota who purchase property and casualty or liability insurance from insurance companies authorized to do business in Minnesota are protected, **SUBJECT TO LIMITS AND EXCLUSIONS**, in the event the insurer becomes financially impaired or insolvent. This protection is provided by the Minnesota Insurance Guaranty Association.

Minnesota Insurance Guaranty Association
4640 West 77th Street, Suite 342
Edina, Minnesota 55435
(612) 831-1908

The maximum amount the guaranty association will pay in regard to a claim under all policies issued by the same insurer is limited to \$300,000. This limit does not apply to worker's compensation insurance. Coverage by the guaranty association is subject to other substantial limitations and exclusions and requires continued residency in Minnesota. If your claim exceeds the Guaranty Association's limits you may still recover a part or all of that amount from the proceeds from the liquidation of the insolvent insurer, if any exist. Funds to pay claims may not be immediately available. The Guaranty Association assesses insurers licensed to sell property & casualty insurance in Minnesota after the insolvency occurs. Claims are paid from the assessment.

THE COVERAGE PROVIDED BY THE GUARANTY ASSOCIATION IS NOT A SUBSTITUTE FOR USING CARE IN SELECTING INSURANCE COMPANIES THAT ARE WELL MANAGED AND FINANCIALLY STABLE. IN SELECTING AN INSURANCE COMPANY OR POLICY, YOU SHOULD NOT RELY ON COVERAGE BY THE GUARANTY ASSOCIATION.

THIS NOTICE IS REQUIRED BY MINNESOTA STATE LAW TO ADVISE POLICYHOLDERS OF PROPERTY AND CASUALTY INSURANCE POLICIES OF THEIR RIGHTS IN THE EVEN THEIR INSURANCE CARRIER BECOMES FINANCIALLY INSOLVENT. THIS NOTICE IN NO WAY IMPLIES THAT THE COMPANY CURRENTLY HAS ANY TYPE OF FINANCIAL PROBLEMS. ALL PROPERTY AND CASUALTY INSURANCE POLICIES ARE REQUIRED TO PROVIDE THIS NOTICE.

I have read the foregoing notice and received a copy for my records this _____ day of _____, 19____.

Applicant

**NOTICE CONCERNING POLICYHOLDER RIGHTS IN AN
INSOLVENCY UNDER THE MINNESOTA LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION LAW**

If the insurer who issued your life, annuity or health insurance policy becomes impaired or insolvent you are entitled to compensation for your policy from the assets of that insurer. The amount you recover will depend on the financial condition of the insurer.

In addition, residents of Minnesota who purchase life insurance, annuities, or health insurance from insurance companies authorized to do business in Minnesota are protected, **SUBJECT TO LIMITS AND EXCLUSIONS**, in the event the insurer becomes financially impaired or insolvent. This protection is provided by the Minnesota Life and Health Insurance Guaranty Association.

Minnesota Life & Health Insurance Guaranty Association
1750 Hennepin Avenue
Minneapolis, Minnesota 55403
(612) 377-2101

The maximum amount the guaranty association will pay for all policies issued on one life by the same insurer is limited to \$300,000. Subject to this \$300,000 limit, the Guaranty Association will pay up to \$100,000 in life insurance cash surrender values, \$300,000 in life insurance death benefits or up to \$300,000 for other types of benefits. These are the maximum claim amounts. Coverage by the guaranty association is also subject to other substantial limitations and exclusions and requires continued residency in Minnesota. If your claim exceeds the Guaranty Association's limits you may still recover a part or all of that amount from the proceeds of the liquidation of the insolvent insurer, if any exist. Funds to pay claims may not be immediately available. The Guaranty Association assesses insurers licensed to sell life and health insurance in Minnesota after the insolvency occurs. Claims are paid from this assessment.

THE COVERAGE PROVIDED BY THE GUARANTY ASSOCIATION IS NOT A SUBSTITUTE FOR USING CARE IN SELECTING INSURANCE COMPANIES THAT ARE WELL MANAGED AND FINANCIALLY STABLE. IN SELECTING AN INSURANCE COMPANY OR POLICY, YOU SHOULD NOT RELY ON COVERAGE BY THE GUARANTY ASSOCIATION.

THIS NOTICE IS REQUIRED BY MINNESOTA STATE LAW TO ADVISE POLICYHOLDERS OF LIFE, ANNUITY OR HEALTH INSURANCE POLICIES OF THEIR RIGHTS IN THE EVENT THEIR INSURANCE CARRIER BECOMES FINANCIALLY INSOLVENT. THIS NOTICE IN NO WAY IMPLIES THAT THE COMPANY CURRENTLY HAS ANY TYPE OF FINANCIAL PROBLEMS. ALL LIFE, ANNUITY AND HEALTH INSURANCE POLICIES ARE REQUIRED TO PROVIDE THIS NOTICE.

I have read the foregoing notice and received a copy for my records this _____ day of _____, 19____.

Applicant